

## **REGIONAL**

### **ANTIGUA & BARBUDA AND TRINIDAD AND TOBAGO: STRENGTHENING REGIONAL INSTITUTIONAL CAPACITY FOR SUSTAINABLE AND INCLUSIVE FINANCING (SIF)**

**(RG-T4868)**

### **PROJECT DOCUMENT**

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<b>REGIONAL</b> <b>ANTIGUA &amp; BARBUDA AND TRINIDAD AND TOBAGO: STRENGTHENING REGIONAL INSTITUTIONAL CAPACITY FOR SUSTAINABLE AND INCLUSIVE FINANCING (SIF)</b> <b>RG-T4868</b>		
<b>PROJECT SUMMARY</b>		
Operation Type:	Technical Cooperation	
Sector:	PRIVATE FIRMS AND SME DEVELOPMENT	
Subsector:	BUSINESS CLIMATE AND COMPETITIVENESS	
TC Taxonomy:	Client Support	
Project Number under the Operational Support Taxonomy:	N/A	
Technical Responsible Unit:	CSD/CCS-Climate Change Solutions Division	
Unit with Disbursement Responsibility (UDR):	CCB/CTT-Ctry Off Trinidad & Tobago	
Executing Agency:	Inter-American Development Bank	
<b>PROJECT OBJECTIVE</b>		
<p>The objective of this TC is to build regional and institutional capacity to design and operationalize sustainable, inclusive financing mechanisms that strengthen SMEs' climate resilience and serve as a model for sustainable financing across the Caribbean. In Antigua, the focus is to operationalize a Sustainable Resilience Facility (SRF) targeted to women SMEs. In Tobago, a feasibility analysis will inform the design of a Green Financing Facility (GFF), to channel investment into the UNESCO Biosphere Reserve.</p>		
<b>FINANCIAL INFORMATION</b>		
Financing Type	Fund	Amount in US\$
TCN - Nonreimbursable	CCP - Compete Caribbean + Trust Fund	250,000
<b>Total IDB Financing</b>		<b>250,000</b>
<b>Counterpart Financing</b>		<b>0</b>
<b>Total Project Budget</b>		<b>250,000</b>
Donors:	N/A	
Disbursement Period:	36 months	
Execution Period:	36 months	
<b>ADDITIONAL FINANCIAL INFORMATION</b>		
N/A		

## I. JUSTIFICATION AND OBJECTIVE

- 1.1 **Diagnostic.** Caribbean Small and Medium Enterprises (SME) are highly vulnerable to climate change impacts and market volatility and face structural barriers to accessing finance from commercial finance providers to invest in climate-smart technologies and resilience measures. Climate-smart investments, such as water management technologies, infrastructure and digital technologies (including nature-positive applications), renewable energy systems and resource-efficient technologies, can reduce costs, improve competitiveness, and strengthen adaptation to climate risks, and firms require additional capital to make these investments. However, there is a significant investment gap within Latin America and the Caribbean, particularly regarding resilient and sustainable infrastructure. It is estimated that over 2,220 billion (USD) will be needed by 2030 to close this gap in accordance with meeting sustainable development goals.<sup>1</sup> For the Caribbean, it will be in the order of 19.6 billion (USD) for the water and sanitation, electricity, transportation and telecommunications sectors. This financing gap impairs productivity, constrains growth and undermines climate resilience.<sup>2</sup> Improving access to finance is critical for facilitating the adoption of green technologies and sustainable practices by firms within the region and plays a critical role in strengthening adaptation and resilience to climate change while unlocking opportunities for sustainable growth.<sup>3</sup>
- 1.2 **Gender-Responsive Green Finance.** Women-owned firms (WOFs) in the Caribbean face even more substantial challenges accessing finance, often rely on short-term credit and have limited access to medium- and long-term financing, which restricts their ability to adopt climate-smart practices.<sup>4</sup> According to the 2020 Innovation, Firm Performance and Gender (IFPG) Survey, 70% of Caribbean firms identify access to finance as a major obstacle to operations, with women-owned or women-led firms disproportionately affected by high collateral requirements and interest rates.<sup>5</sup> Gender-responsive financing mechanisms are therefore critical to closing this gap and enable WOFs, which are often concentrated in vulnerable sectors such as tourism and agriculture, to contribute to inclusive, climate-resilient economic growth.<sup>6</sup>
- 1.3 **National Context – Antigua & Barbuda.** The Government of Antigua and Barbuda, through the Department of the Environment (DOE), has developed some financing mechanisms to support vulnerable SMEs, including WOFs. The Sustainable Island Resource Framework Fund (SIRFF) was established in 2019

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<sup>1</sup> IDB 2021. “[The Infrastructure Gap in Latin America and the Caribbean: Investment Needed Through 2030 to Meet the Sustainable Development Goals](#)”.

<sup>2</sup> Herrera, D. (2020). *MSME financing instruments in Latin America and the Caribbean during COVID-19* (Discussion Paper No. IDB-DP-00771). Inter-American Development Bank.

<sup>3</sup> Caribbean Development Bank. (2025). *Flagship study: Access to finance for women-led MSMEs in the Caribbean*. Bridgetown, Barbados: Caribbean Development Bank. Retrieved from <https://www.caribank.org/publications-and-resources/resource-library/publications/flagship-study-access-finance-women-led-msmes-caribbean>.

<sup>4</sup> Williams, M., & Constable, A. (2024). *Climate change financing in the Caribbean: An analysis from a gender perspective* (Gender Affairs Series No. 165, LC/TS.2024/104). Economic Commission for Latin America and the Caribbean (ECLAC).

<sup>5</sup> Compete Caribbean. (2020). *Innovation, Firm Performance and Gender (IFPG) Survey*.

<sup>6</sup> UN Women & IISD. (2021). *Gender-responsive resilience building in the Caribbean: Knowledge, attitudes, behaviours, and practices study*.

under Antigua and Barbuda's Environmental Protection and Management Act as the primary financing mechanism for environmental, climate adaptation and biodiversity projects. SIRFF channels domestic revenues and international climate finance into targeted investments through thematic windows. Its governance structure ensures transparency and accountability under the Finance Administration Act. Building on this foundation, the proposed Sustainable Resilience Facility (SRF) will operate as a dedicated window within SIRFF to provide gender-responsive blended finance and technical assistance to vulnerable SMEs, including WOFs, enabling them to adopt climate-smart technologies and practices. Though these financing mechanisms have been developed, the DOE lacks the institutional capacity to operationalize them. The DOE must expand its skills to offer new forms of gender-responsive blended finance and the technical capacity to support SMEs to increase competitiveness, productivity and climate resilience. The Technical Cooperation (TC) will strengthen the institutional capacity of the DOE to operationalize a SRF under the existing SIRFF, targeted to vulnerable SMEs and WOFs.

- 1.4 **National Context – Trinidad & Tobago.** The Government of Trinidad and Tobago, within the context of investments in Tobago, , seeks to address financing gaps for climate-smart investments by SMEs in the North-East Tobago UNESCO Man and Biosphere Reserve, which was designated in 2020. The ecologically sensitive area spans 83,488 hectares and supports communities reliant on tourism, fisheries and forestry. Despite its global recognition as a UNESCO Biosphere Reserve, access to financing for green and climate-resilient initiatives in Tobago remains limited. The TC will design an innovative financing mechanism that aligns environmental protection with inclusive economic growth, supporting the long-term implementation of the North-East Tobago UNESCO Man and Biosphere Management Plan. The proposed Green Financing Facility (GFF) will mobilize sustainable investment for nature-based enterprises, biodiversity conservation and community resilience, aligning with the UNESCO Management Plan and promoting inclusive economic growth, by improving access to affordable financing, which remains a barrier for SMEs in Tobago.
- 1.5 This TC will incorporate national and regional activities to: (i) strengthen the operational framework for the SRF in Antigua & Barbuda, with a focus on modernizing procurement, incorporating gender mainstreaming, developing monitoring and evaluation mechanisms to measure impact of the SRF investments, and developing a sustainable financing and implementation strategy for the SRF, (ii) strengthen the DOE's and SIRFF's institutional capacity to effectively monitor and implement the SRF facility to expand access to finance to vulnerable SME, including women-owned firms, (iii) produce a situational and feasibility analysis, the institutional and governance framework, and financing guidelines to design and operationalize a green financing facility, to provide to access to resources for sustainable, climate-smart business investments and channel investment into the UNESCO Man and Biosphere Reserve in Tobago, and (iv) develop and/or support mechanisms for knowledge generation, development, exchanges and dissemination across the Caribbean region related to green financing models and approaches.
- 1.6 **Request.** The Government of Antigua & Barbuda, through the Department of Environment, Ministry with responsibility for the Environment, and the Government

of Trinidad & Tobago, through the Ministry of Planning and the Tobago House of Assembly, have requested support from the IDB for the development and implementation of this TC (see Annex I). The Governments have requested that the IDB act as the executing agency for this TC.

- 1.7 **Objective.** The objective of this Technical Cooperation (TC) is to build regional and institutional capacity to design and operationalize sustainable, inclusive financing mechanisms that strengthen SMEs' climate resilience and serve as a model for sustainable financing across the Caribbean. In Antigua & Barbuda, the focus is to operationalize a Sustainable Resilience Facility (SRF) targeted to vulnerable SMEs, including women-owned SMEs. In Tobago, a feasibility analysis will inform the design of a Green Financing Facility (GFF) and produce the accompanying institutional and governance frameworks to channel sustainable investment into the UNESCO Biosphere Reserve. The expected outcome is to deploy and demonstrate the viability of a more inclusive, resilient, innovative regional financing mechanisms to catalyze support private sector investment in environmentally sustainable, climate-sensitive initiatives.
- 1.8 **Strategic Alignment.** The TC is consistent with the IDB Group Institutional Strategy 2024-2030: Transforming for Scale and Impact (CA-631), specifically its objectives of: (i) Reducing Poverty and Inequality, by supporting the operationalization of the SRF in Antigua & Barbuda to increase access to finance for vulnerable SME; (ii) the IDB Group Climate Change Action Plan 2021–2025, which identifies innovative financing structures related to climate finance MRV systems as central tools for mainstreaming climate action, tracking progress towards Nationally Determined Contributions (NDC); (iii) the IDB Group Biodiversity and Natural Capital Action Plan by promoting resource mobilization and biodiversity/natural capital; and (iv) Bolstering Sustainable Growth, by strengthening the institutional capacity to more effectively implement and monitor sustainable financing for SME in Antigua & Barbuda and Trinidad & Tobago. The TC will also contribute to results under the ONE Caribbean Framework (GN-3201-2), specifically its priorities of: (i) Climate Adaptation, Disaster-Risk Management and Resilience; and (ii) Sustainable Development with Private Sector Engagement. The TC is also aligned with Compete Caribbean Trust Fund Pillar 2, Enhancing Government Capabilities to Support Climate-Smart and Gender-Responsive Businesses by: (i) building and enhancing institutional capacity, by providing assistance to counterparts in the design, implementation and operationalization of sustainable finance facilities; and (ii) strengthening public governance, and developing and implementing climate-smart actions and action plans, through the implementation of regional knowledge exchange and design and operationalization of green finance facilities in the region. The TC objective is aligned with the Climate Change Sector Framework Document, particularly with Line of Action 3, *Build effective governance* and Line of Action 4, *Diversity and alignment of financial flows*, by operationalizing existing green financing mechanisms and improving capacity to use climate financing instruments.

## II. COMPONENTS

- 2.1 **Component 1. Operationalization of a Sustainable Resilience Facility in Antigua & Barbuda (US\$190,000).** This component will strengthen the institutional capacity of the Department of the Environment (DOE) in Antigua and Barbuda to operationalize the gender-responsive Sustainable Resilience Finance Facility (SRF) to best serve vulnerable SME, including women-owned firms (WOFs). The activities to be financed include: (i) a review of the SRF design and the SIRFF policy framework and develop detailed recommendations to optimize the operationalization of the SRF and SIRFF, including gender-responsive, nature-positive and climate-resilient considerations, and the design of a sustainable financing facility to support the sustainable operation of the SRF; (ii) the development of a gender-responsive monitoring and evaluation mechanism to measure the impact of support to SMEs financed through the SRF, and train DOE and SRF staff to utilize the mechanism; (iii) a review of the DOE and SRF procurement policies and develop recommendations to reform the policies to be innovative, climate-sensitive, nature positive and gender-responsive; (iv) trainings for the staff of the DOE, SIRFF, SRF and eligible SME on how to include gender and nature positive mainstreaming in procurement and business development practices.
- 2.2 In accordance with the Procurement Plan a firm will be contracted to: (i) strengthen the institutional capacity of the DOE and SIRFF to operationalize the SRF by optimizing the SRF policy, governance and operational framework; (ii) design a sustainable financial mechanism; (iii) reform procurement policies to be more gender-responsive, nature positive and climate-sensitive; and (iv) build capacity and train personnel in the SRF, DOE, and SMEs on the implementation of gender mainstreaming and inclusive procurement. A separate firm will be contracted to: (i) design and implement a gender-responsive monitoring and evaluation system integrated with digital tools to track SRF outputs, outcomes and impacts, incorporating gender and social inclusion indicators; (ii) design and develop web-based platform and data analysis tool to provide visualization and reporting capabilities; and (iii) build capacity on system operations, data entry and interpretation.
- 2.3 The expected outputs include: (i) an optimized policy framework and action plan for implementation of the SRF, including a sustainable financing strategy; (ii) a digitally-supported monitoring and evaluation mechanism and tools to support the implementation of the SRF and allow for monitoring of the results and impacts of SRF on SME; (iii) an updated, gender-responsive procurement policy; and (iv) a change management plan and training and capacity building for at least 30 individuals, SRF staff members, DOE staff members and eligible SME to raise awareness of and learn how to implement the updated procurement policies and SRF policy framework.
- 2.4 **Component 2. Design of a Green Financing Facility (GFF) in Tobago (US\$40,000).** This component will inform the design of a GFF to finance sustainable “green” business investments that support ecosystem conservation and social equity and which generate investment into the UNESCO Biosphere Reserve in Tobago. The activities to be financed will be: (i) a feasibility analysis and assessment of the gaps in the local and regional investment environment,

- identifying the key factors to be considered in the development of an innovative financing mechanism for SMEs and climate-resilient and nature positive businesses, and the financing gap to be addressed; and (ii) the design and development of a gender-responsive, climate-responsive green financing facility and mechanism to support sustainable, climate-resilient, nature positive businesses in Tobago, including vulnerable and women-owned firms and entities.
- 2.5 In accordance with the Procurement Plan a firm will be contracted to: (i) analyze the investment environment, conduct a feasibility analysis (and identify potential funding sources; (ii) design a gender-responsive, nature-positive and climate-sensitive green financing facility framework, including an institutional and governance framework; and (iii) develop governance and operational guidelines for the green financing facility.
- 2.6 The expected outputs include a feasibility and gap analysis of the local investment environment and an implementation framework for the GFF, including governance, institutional, operational, financing and organizational guidelines.
- 2.7 **Component 3. Regional Knowledge Exchange (US\$20,000).** This component will finance mechanisms for knowledge generation, regional knowledge exchanges and dissemination across the Caribbean region on innovative financing models and approaches for SME, particularly green financing mechanisms. The activities to be financed include: (i) the development of a digital knowledge product on the development and implementation of the green financing mechanisms in the Caribbean, designed for use of the public and private sector stakeholders; and (ii) trainings for at least 50 individuals in the government and private sector on the development and implementation of green financing mechanisms in Caribbean states, highlighting best practices and lessons learned from the experiences in Antigua & Barbuda and Tobago.
- 2.8 In accordance with the Procurement Plan an individual consultant will be hired to design and implement regional knowledge events that will facilitate peer learning among Caribbean countries and produce knowledge products to capture lessons learned and best practices in green and climate resilience financing.
- 2.9 The expected outputs include: (i) a hybrid regional knowledge sharing event highlighting the experiences and lessons learned from the initiatives in Antigua & Barbuda and Tobago, and peer exchange between both countries on the implementation of the SIRFF and SRF; (ii) and a digital knowledge product documenting the development and implementation of green financing mechanisms in Caribbean states, highlighting best practices and lessons learned.
- 2.10 **Expected Results:** (i) operationalization of SRF with gender-responsive procurement and M&E system; (ii) feasibility study and design framework for GFF in Tobago; and (iii) regional knowledge exchange completed, and digital knowledge product produced.
- 2.11 **Beneficiaries.** Direct beneficiaries include at least 30 staff members of the SIRFF, SRF, DOE and SRF-eligible SMEs who will be trained to implement the optimized policy framework and gender-responsive procurement and monitoring and evaluation procedures. The capacity of the SIRFF and SRF to implement green

financing will be strengthened to operationalize the SRF. The indirect beneficiaries will be the MSMEs and private sector in Antigua & Barbuda, who will benefit from the operationalized financing facility to provide funding for vulnerable SMEs, and regional stakeholders that will benefit from the knowledge exchange and digital knowledge product.

### III. BUDGET

- 3.1 **Budget.** The total estimated cost of the operation is US\$250,000, which will be financed with resources from the Compete Caribbean Trust Fund (CCP).

Budget in US\$		
Components	CCP Funding	Total
Component 1. Operationalization of a Sustainable Resilience Facility in Antigua & Barbuda	190,000	190,000
Component 2. Design of a Green Financing Facility (GFF) in Tobago	40,000	40,000
Component 3. Regional Knowledge Exchange	20,000	20,000
<b>Total</b>	<b>250,000</b>	<b>250,000</b>

### IV. EXECUTION STRUCTURE

- 4.1 **Executing Agency.** The TC will be executed by the Inter-American Development Bank (IDB), based on requests from the Government of Antigua & Barbuda and the Government of Trinidad & Tobago. The Bank will execute this TC through its Climate Change Solutions Division (CSD/CCS) in coordination with Compete Caribbean+ (CC+) and the Department of the Environment in Antigua & Barbuda and the Tobago House of Assembly in Trinidad & Tobago. The Bank will execute this TC due to the following reasons: (i) previous experience and knowledge on the part of the IDB in implementing project(s) similar to this proposed operation; and (ii) limited institutional capacity of the beneficiary institutions in Antigua & Barbuda and Trinidad & Tobago. These justifications are in accordance with the Bank's Technical Cooperation Policy (GN-2470-2) and the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4).
- 4.2 **Execution Justification.** In accordance with document OP-619-4 Annex 2, the beneficiary countries request the IDB to act as the Executing Agency, recognizing the technical capacity of its teams, the synergies with other initiatives led by the Bank, and its ability to represent the interests of all participants, effectively coordinate efforts, and balance interests. This execution mechanism is justified by the Bank's experience with the preparation and development of the operational and technical instruments proposed.
- 4.3 The TC will be executed by the Bank, which will hire consultants to carry out the planned activities. In this sense, the Bank will be responsible for: (i) identifying the

technical work necessary to structure the project; (ii) select and hire consultants to provide the necessary services; and (iii) manage the execution and delivery of consulting services. The activities will be carried out in coordination with the Beneficiary.

- 4.4 The Inter-American Development Bank (IDB) will act as the Executing Agency for this Technical Cooperation, ensuring responsibility for technical oversight, procurement, and delivery of outputs in accordance with IDB policies and procedures. Given that Antigua & Barbuda is not a member country of the IDB, the Caribbean Development Bank (CDB) will serve as Financial Agent under the terms of the Financial Agency Agreement entered into between both institutions, and its modifications (FAA).
- 4.5 **Procurement.** All procurement activities to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.
- 4.6 The Execution and Disbursement Period for this operation is 36 months.
- 4.7 **Monitoring, Reporting, and Supervision.** This TC will be monitored and supervised by the Team Leader assigned by the Climate Change Solutions Division (CSD/CCS). The Team Leader will coordinate with the CC+ FCU, the Government of Antigua & Barbuda, DOE (Antigua & Barbuda), the Government of Trinidad & Tobago and the Tobago House of Assembly, and other relevant stakeholders in the execution of consultancy services outlined in the procurement plan and conduct monthly meetings to identify problems or potential risk, provide feedback and ensure alignment with the broader goals of the TC. The counterpart of this TC will be the DOE in Antigua & Barbuda and the Tobago House of Assembly (THA) in Trinidad & Tobago.

## V. POTENTIAL RISKS

- 5.1 **Implementation Risk.** There is a risk that the beneficiaries will not openly collaborate and share knowledge with one another and with other regional stakeholders, which would undermine the successful implementation of the regional aspects of the project. To mitigate this risk and facilitate the necessary collaboration, the project team will develop an agreed framework for regular communication at the start of implementation to facilitate engagement and build trust between the beneficiaries.
- 5.2 **Intellectual Property.** All knowledge products generated within the framework of this technical cooperation will be the property of the Bank and may be made available to the public under a Creative Commons license. However, upon request

of the beneficiary, the intellectual property of said products may also be licensed and/or transferred to the beneficiary through specific agreements.

## **VI. EXCEPTIONS TO BANK POLICIES**

- 6.1 An exception to the GN-2303-33 policies has been granted by the Board of Executive Directors to CC+ financed projects (GN-2851-2), so that procurement from non-IDB member countries may be eligible in the procurement processes for activities to be financed from the Facility, provided that the country of origin or nationality of such providers is recognized by the donors of the Facility as eligible.

## **VII. ENVIRONMENTAL AND SOCIAL ASPECTS**

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

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### **REQUIRED ANNEXES**

- Annex I: [Request from Client](#)
  - Annex II: [Results Matrix](#)
  - Annex III: [Terms of Reference](#)
  - Annex IV: [Procurement Plan](#)
-